

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name MANISTEE COUNTY	County MANISTEE
Fiscal Year End 09/30/2007	Opinion Date 12/20/07	Date Audit Report Submitted to State 03/25/08	

We affirm that

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

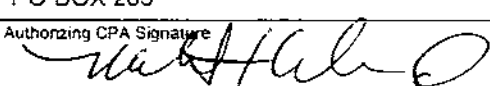
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) WILSON, WARD CPA FIRM		Telephone Number 231-276-7668	
Street Address PO BOX 205		City INTERLOCHEN	State Zip MI 49643
Authorizing CPA Signature 		Printed Name ROBERT WARD	License Number 1101028281

MANISTEE COUNTY
MANISTEE, MICHIGAN

AUDIT REPORT

For the Year Ended
September 30, 2007

Wilson, Ward CPA Firm
PO Box 205
Interlochen, MI 49643
(231) 276-7668

Wilson, Ward CPA Firm

3015 M-137

P.O. Box 205

Interlochen MI 49643

David E. Wilson, CPA
Robert K. Ward, CPA

(231) 276-7668
Fax: (231) 276-7687

December 20, 2007

Mr. Thomas D. Kaminski
County Administrator
Manistee County
Manistee, MI 49660

Dear Mr. Kaminski:

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the course of the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with general accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of Manistee County. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by Manistee County are listed in Note B. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by Manistee County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by Manistee County that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The County Commission continues to do an excellent job of addressing the financial accountability within the County.

The following are comments on items noted during the audit with recommendations for correction:

COMMENT: The internal control systems need to be constantly reviewed for compliance with policy and enforcement.

RECOMMENDATION: Establish an internal audit function to verify and aid in enforcement of existing controls.

COMMENT: Cash and checks were not indicated on the receipt reports.

RECOMMENDATION: The information is available. This was corrected during the field work.

COMMENT: Payroll checks were not segregated from the central cash checks.

RECOMMENDATION: Install and utilize an impressed payroll system with only the required payroll cash being deposited in this account. This was in process of being implemented during field work.

Again, it is important to remember that this report is for information only and provided to management with the intent to improve management practices within Manistee County.

Sincerely,



David E Wilson, CPA

MANISTEE COUNTY, MICHIGAN

INDEX TO REPORT

Page No.

1	FINANCIAL SECTION
2-3	Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
4-5	Report on Compliance with requirements applicable to each major program and Internal Control over compliance in accordance with OMB Circular A-133.
6	GENERAL PURPOSE FINANCIAL STATEMENTS
7-8	Independent Auditor's Report
9-15	Management Discussion and Analysis
16	Government Wide Statement of Net Assets
17	Government Wide Statement of Activities
18	Governmental Funds Balance Sheet
19	Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
20	Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets
21	Combining Balance Sheet Fiduciary Funds
22	Statement of Net Assets - Discretely Presented Component Units
23	Statement of Activities - Component Units
24	Balance Sheet -Discretely Presented Component Units
25	Statement of Revenues, Expenditures & Changes in Fund Balance - Discretely Presented Component Units
26-43	Notes to Financial Statements
44	SUPPLEMENTAL STATEMENTS
45	Report on Supplemental Statements
46	<u>GENERAL FUND</u>
47-48	Statement of Revenues - Budget & Actual
49-50	Statement of Expenditures & Other Financing Uses - Budget & Actual
51	Changes in Fund Equity for the Fiscal Year Ended
52	<u>SPECIAL REVENUE FUNDS</u>
53-56	Combining Balance Sheet
57-60	Combining Statement of Revenues, Expenditures and Changes in Fund Balance
61	<u>ENTERPRISE FUNDS</u>
62	Combining Balance Sheet
63	Combining Statement of Revenues, Expenditures and Changes in Retained Earnings
64	Combining Statement of Cash Flows
65	<u>DEBT SERVICE FUNDS</u>
66	Balance Sheet
67	Statement of Revenues, Expenditures and Changes in Fund Balance
68	FEDERAL FINANCIAL ASSISTANCE
69-70	Schedule of Federal Financial Assistance
71	Schedule of Findings & Questioned Costs

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
COMBINED REPORT APPLICABLE TO INTERNAL CONTROL OVER FINANCIAL REPORT BASED
ON AN AUDIT OF FINANCIAL STATEMENTS AND INTERNAL CONTROL OVER
COMPLIANCE

The Board of Commissioners
Manistee County
Manistee, Michigan

We have audited the financial statements of Manistee County, Michigan as of and for the year ended September 30, 2007, and have issued our report thereon dated December 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Manistee County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Manistee County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Manistee County's internal control over financial reporting.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

Finding 2007-1 Check cashing

Criteria: Cashing of Personal Checks at the cashiers office should not be allowed.

Condition: Personal and or payroll checks were being cashed in the treasurers office.

Cause: Enforcement of standard policy to not was not being maintained.

Effect: As a result of this condition, checks were being cashed in the Treasurers office.

View of
Responsible
Officials The organization reviewed the policy and distributed a document reinforcing the standard policy of not allowing the cashing of checks in the Treasurers office.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and considered to be material weaknesses. However, we did not consider any of the significant deficiencies described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Manistee County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Finding 2007-2 Bank Reconciliation

Criteria:	The bank accounts must be reconciled in a timely manner.
Condition:	The bank accounts for the Commissary Fund at the jail was not being reconciled in a timely manner.
Cause:	Enforcement of standard policy and review of bank reconciliations by a separate corroborating party was not being performed.
Effect:	The Commissary Fund was found to be delinquent in the function of bank reconciliations.
View of Responsible Officials	The organization reviewed the policy and enforcement was performed. Bank reconciliations were performed by the conclusion of field work.

We noted certain matters that we reported to management of Manistee County in a separate letter dated December 20, 2007.

Manistee County's response to the findings identified in our audit are described above. We did not audit manistee County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, others within the organization and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Ward CPA Firm

Interlochen, MI
December 20, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Commissioners
Manistee County
Manistee, Michigan

Compliance

We have audited the compliance of Manistee County, Michigan, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2007. Manistee County, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Manistee County, Michigan's management. Our responsibility is to express an opinion on Manistee County, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133. Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Manistee County, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Manistee County, Michigan's compliance with those requirements.

In our opinion, Manistee County, Michigan, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

Internal Control Over Compliance

The management of Manistee County, Michigan, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Manistee County, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the ways and means committee, management, others within the organization, County Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Interlochen, Michigan

December 20, 2007

GENERAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Manistee County
Manistee, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manistee County, Michigan as of and for the year September 30, 2007, which collectively comprise Manistee County, Michigan's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Manistee County, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Manistee County, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2007, on our consideration of the Manistee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management discussion and analysis and required budgetary comparison information identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

WILSON, WARD CPA FIRM

P.O. Box 205
3015 M-137
Interlochen, MI 49643

(231) 276-7668

Fax: (231) 276-7687

E-mail: wilson@wilsonward.com

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Manistee County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wilson, Ward CPA Firm

Interlochen, MI
December 20, 2007

Management's Discussion and Analysis

As management of Manistee County, we offer the readers of the Manistee County financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The assets of Manistee County exceeded its liabilities at the close of fiscal year 2007 by \$8,045,621. Of this amount \$3,015,782 may be used to meet the government's ongoing obligations to citizens and creditors.
- At September 30, 2007 the County's governmental funds reported a combined fund balance of 3,441,325.
- At September 30, 2007, unreserved fund balance for the general fund was \$919,742 or 9% of the general fund expenditures. This was a x% change in fund balance from the prior year.
- Total long term debt in the Governmental Activities decreased by \$85,000 from the prior fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County financial statements. The County basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. accrued interest expense).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include legislative, judicial, general government, public safety and health. The business-type activities of the County include delinquent property tax collection, and Medical Care Facility.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also legally separate component units for which the County is financially accountable. Component Units include the Medical Care Facility, Mainstee County 9-1-1 Central Dispatch, Manistee County Building Authority, Manistee County Blacker Airport, Manistee County Library and the Manistee County Road Commission. Financial information for *component units* is reported separately from the financial information presented for the primary government itself.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement on revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains many individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, central dispatch E911, and the Building Authority funds, each of which are considered to be major funds. Data from the other

governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general, special revenue and debt service funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its information services contracts, assessing and mapping activities, and delinquent taxes. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various County functions. The County uses internal service funds to account for its self insurance, mental health self insurance and motor pool activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds (Trust and Agency). Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page xx of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages xx-xx of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statement. Combining and individual fund statements and schedules can be found on pages xx-xx of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$8,042,621 at the close of the most recent fiscal year. A large portion of the County's net assets reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Assets

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Investment in capital assets, net of related debt, is 72% of total net assets. An additional portion of the County's net assets (16%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grants, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation. All such assets (except for assets invested in capital assets, net of related debt) are considered restricted or unrestricted. The smallest portion of the County's net assets (12%) are unrestricted net assets. These net assets may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities

Governmental Activities include:

- Legislative activities - Expenditures related to the Board of Commissioners and high-level administrative expenditures.
- Judicial activities - Expenditures related to the administration of Circuit, District, and Probate/Family Courts and Court Probation units.
- General government activities - Expenditures related to the support departments of the County such as Administration, Human Resources, Treasury, Information Services, Facilities Management, and Finance.
- Public safety - Expenditures related to the Sheriff's Administration and Road Patrol and County Corrections services.
- Health - Expenditures related to public health services such as immunization, solid waste, child care, Medical Examiner, and housing assistance programs.

Business Type Activities

Business Type Activities include:

- Delinquent tax revolving fund - This fund was established as a means to provide the local governments within the County's jurisdiction with 100% of the property tax distributions owed to them annually. The County then acts as the collection agency for the outstanding delinquent taxes. Current policy is to maintain cash and investments to fund 100% of the prior year's delinquent tax settlement.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County *governmental fund statements* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County financing requirements. In particular, *unreserved fund balance* may

serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. Unreserved fund balance represented 9% of annual government expenditures in 2007.

Proprietary funds. The County proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Other factors considering the finances of these funds have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Amended budgetary expenditures differed from the originally adopted budget mainly for the following reasons:

Revenue

- Increases in court costs, civil fines, and bond forfeitures resulted in a budget increase of \$12,481 in the Circuit Court revenues and \$24,735 in District Court revenues.
- Federal Cooperative Reimbursement Program revenues in the Friend of the Court were down about \$28,000 from the original budget, but revenues are tied to expenses so the net result is only approximately \$9,000. Federal Incentive revenue was up \$10,700 over budget and this was a result of catch up from prior years.
- Property Tax revenue in the Treasurer's Office was over the original budget by \$729,391. This is the result of using prior year taxable value along with a correction in the allocation to the Revenue Sharing Reserve Fund.
- The slow down in the economy in Michigan and specifically in the housing market in Manistee County resulted in a budget decrease in the Register of Deeds revenue of \$68,989. (Recording Fees, \$53,330 and Transfer Tax \$15,659)

Expenses

- The Circuit Court moved their court reporters from part time to full time positions resulting in an increase in the budget of \$34,976.
- In District Court court appointed attorney fees were up which caused a \$19,546 increase in the budget.
- There was a restructuring in the Administrators Office when the Finance Officer was appointed as County Treasurer to fill the term of the Treasurer that retired on 3/31/2007. The Finance Officer was replaced by a Finance Assistant and some of the Finance Officer duties , that were approved by the auditors, were transferred to the Treasurer's Office. This resulted in a savings of \$38,774 in the Administrator's Office budget.
- Unspent contingencies were zeroed out which caused a decrease of \$43,111 in the budget.
- Many of the County Departments and Courts held their expenditures near or below their budgets. This combined with the increased revenue and lower expenditures listed above allowed the County to amend the budget to increase the transfer to the Capital Improvement Fund by \$100,000 and the transfer to the Technology Fund by \$125,000 for future capital

improvement and technology improvement projects. Also the County Board of Commissioners has reserved the increase in General Fund fund balance to be restricted for the sole purpose to help fund the County's GASB 45 OPEB liability .

Significant budget variances existed between the final amended budget and actual amounts. Major variations are summarized as follows:

- Interest rates were up again for the first 10 months of the year and this resulted in interest earnings exceeding original budgeted amounts by approximately \$55,000.

Capital Asset and Debt Administration

- **Capital assets** - a capital asset is an asset whose cost exceeds \$5,000 and useful life is greater than two years. Included in the cost of a capital asset are items such as labor and freight and any other costs associated with bringing the asset into full operation. Assets are depreciated using the straight-line method over the course of their useful lives.
- **Debt administration** - debt incurred in the course of constructing or acquiring a capital asset is recorded and paid for from a debt service fund.

The County has three general obligation bonds for their major capital projects this year. The first twenty-year bond issue took place in 1990 for the construction of a new Jail. The second bond issue, took place in 1999 for 1.375 million dollars and was for the first phase of the Courthouse renovation. A third bond issue took place in 2000 for \$825,000 and was for phase two of the court house renovation. In 2006 the 1999 series and 2000 series bonds were refinanced resulting in a net savings to the County of approximately \$90,124.

Economic Factors and Next Year's Budgets and Rates

- The taxable value of commercial, residential, and personal property increased 6.91% in the 2007 fiscal year.

Manistee County has enjoyed slow but steady economic growth during the last several years, despite the broader economic climate. We attribute much of our County's growth to its close proximity to Michigan Lakeshore and the continued growth of the casino. The County did realize a slow down in economic growth particularly in the housing market in 2006 and 2007, but we do project slow and steady growth to continue throughout 2008 and even into 2009. The Manistee County EDO has been recently restructured and revitalized. They are currently working diligently to bring much needed economic development to Manistee County and Manistee County should see very positive results from their efforts. Despite this good news, as with all counties in Michigan Manistee County is continuously being hit hard by State and Federal budget cuts. This combined with expenses rising at a rate faster than revenue, it has been necessary for Administration to look at new and creative ways to curb rising cost such as employee health insurance and other benefits for county employees and still maintain an excellent benefit package for the hard working employees of Manistee County..

Requests for Information

This financial report is designed to provide a general overview of the County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Budget and Finance Department, Manistee County, Michigan, 415 Third Street, Manistee, MI 49660. Additional information can be found at our website at www.manisteecountv.net

Manistee County
Government Wide
Statement of Net Assets
September 30, 2007

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	\$4,734,610	\$97,915	\$4,832,525	\$715,973
Investments		2,431,531	2,431,531	0
Receivables (net)	408,317	1,202,249	1,610,566	1,142,702
Internal balances	304,019	329,541	633,560	104,626
Inventories		37,498	37,498	459,271
Capital Assets, net	6,143,790	2,523,773	8,667,563	23,166,476
Total Assets	11,590,736	6,622,507	18,213,243	25,589,048
LIABILITIES				
Accounts payable	121,176	500,783	621,959	
Deferred revenue	763,148		763,148	
Other Current Liabilities	2,371	202,676	205,047	405,524
Due to Others	320,972		320,872	
Current Portion of LTD	95,000		95,000	
Noncurrent liabilities				
Accrued Compensated Absences	260,548	736,805	997,353	
Due in more than one year	1,985,000		1,985,000	4,431,441
Total Liabilities	3,548,115	1,440,264	4,988,379	4,836,965
NET ASSETS				
Invested in capital assets, net of related debt	4,063,790	1,372,326	5,436,116	0
Restricted for:				
Capital projects	963,049	2,523,773	3,486,822	18,851,951
By Donors		0	0	0
Debt Service			0	
Other				1,900,132
Unrestricted (deficit)	3,015,782	1,286,144	4,301,926	
Total Net Assets	8,042,621	5,182,243	13,224,864	20,752,083
Total Liabilities and Net Assets	\$11,590,736	\$6,622,507	\$18,213,243	\$25,589,048

The footnotes are an integral part of these Financial Statements.

Manistee County
Government Wide
Statement of Activities
For Year Ended September 30, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating	Capital	Primary Government		Total	
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities		
Primary Government								
Governmental activities:								
General Government	\$2,796,782	\$1,251,771	\$0		(\$1,545,011)		(\$1,545,011)	
Judicial	2,931,393		0		(2,931,393)		(2,931,393)	
Public Safety	6,691,520				(6,691,520)		(6,691,520)	
Health and Welfare	996,615				(996,615)		(996,615)	
Recreation and Culture	86,750				(86,750)		(86,750)	
Other	(7,196)				7,196		7,196	0
Payment on Debt	85,000				(85,000)		(85,000)	
Total Government Activities	13,580,865	1,251,771	0	0	(12,329,094)	0	(12,329,094)	0
Business Type Activities								
Medical Care Facility	9,779,419	8,711,491	0	0		(1,067,928)	(1,067,928)	
Total Primary Government	23,360,284	9,963,262	0	0		(1,067,928)	(13,397,022)	
Component Units								
Road Commission	4,456,633	981,037	4,279,365	0				803,769
Total Component Units	4,456,633	981,037	4,279,365	0				803,769
General revenues:								
Taxes								
Property Taxes-General					7,797,017	885,677	8,682,694	
Federal Grants					727,763	0	727,763	
State-Shared Revenues					973,761	384,594	1,358,355	
Unrestricted Investment Earnings					186,599	42,802	229,401	32,935
Franchise taxes					0	0	0	
Miscellaneous					2,708,895	278,029	2,986,924	923,415
Transfers					1,375,702	0	1,375,702	
Total General Revenues-Special Items and Transfers					13,769,737	1,591,102	15,360,839	956,350
Changes in Net Assets					1,440,644	523,174	1,963,818	1,760,119
Net Assets - Beginning					6,601,977	4,659,069	11,261,046	18,991,964
Net Assets - Ending					\$8,042,621	\$5,182,243	\$13,224,864	\$20,752,083

The footnotes are an integral part of these Financial Statements.

Manistee County
Governmental Fund Balance Sheet
Year Ended September 30, 2007

	General Fund	911 Central Dispatch	Non Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$1,535,286	\$829,922	\$2,369,402	\$4,734,610
Receivables:				
Taxes - Current	0		0	0
Taxes - Delinquent	1,692,202		0	1,692,202
Accounts Receivable	93		408,224	408,317
Due From Other Funds	0		0	0
Prepaid Expenses	0		0	0
Other Assets	106,063		197,956	304,019
Property, Plant & Equipment (Net)	0		0	0
Amount to be Provided for:				
Compensated Absences	0	0	0	0
Retirement of Long-term Debt	0		0	0
TOTAL ASSETS	3,333,644	829,922	2,975,582	7,139,148
LIABILITIES				
Accounts Payable	121,176	0	0	121,176
Due to State	0		0	0
Other Trust Items Payable	1,648,383		0	1,648,383
Deferred Revenue	763,148		0	763,148
Compensated Absences	0	0	0	0
Notes Payable	0		0	0
General Obligation Bonds Payable	0		0	0
Other Liabilities	0	15,781	305,091	320,872
Maintenance of Effort	0		0	0
Due to Other Funds	2,371		0	2,371
Due to Other Govt. Units	0		0	0
TOTAL LIABILITIES	2,413,902	15,781	305,091	2,734,774
FUND EQUITY				
Contributed Capital	0			
Investment in Fixed Assets	0			
Fund Balance				
Reserved	886,070		76,979	963,049
Unreserved	33,672	814,141	2,593,512	3,441,325
TOTAL FUND EQUITY	919,742	814,141	2,670,491	4,404,374
TOTAL LIABILITIES & FUND EQUITY	\$3,333,644	\$829,922	\$2,975,582	\$7,139,148

The footnotes are an integral part of these Financial Statements.

Manistee County
Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance
Year Ended September 30, 2007

	General Fund	911 Central Dispatch	Non Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes & Penalties	\$5,948,061	\$770,053	\$1,078,903	\$7,797,017
Licenses & Permits	3,949	0	0	3,949
Contracts and Grants	0	0	0	0
Federal Grants	566,552	0	161,211	727,763
State Grants	589,727	0	384,034	973,761
Local Contributions	0	0	26,132	26,132
Charges for Service	1,251,771	0	0	1,251,771
Fines & Forfeits	0	0	296,462	296,462
Interest and Rentals	129,896	22,572	34,131	186,599
Other Revenue	773,658	84,467	1,088,828	1,946,953
Total Revenues	9,954,837	877,092	3,069,701	13,210,407
EXPENDITURES				
Current				
Legislative	107,244	0	0	107,244
Judicial	2,689,538	0	0	2,689,538
General Government	2,931,393	0	0	2,931,393
Public Safety	2,868,519	814,442	3,008,559	6,691,520
Health and Welfare	802,952	0	193,663	996,615
Public Works	0	0	0	0
Cultural and Recreation	86,750	0	0	86,750
Other	311,484	0	290,199	601,683
Payment on Debt	0	0	0	0
Total Expenditures	9,797,880	814,442	3,492,421	14,104,743
Excess (Deficiency) of Revenues over Expenditures	156,957	62,650	(422,720)	(203,113)
OTHER FINANCING SOURCES (USES)				
Proceeds from Debt	0	0	0	0
Operating Transfers In	345,405	0	1,058,758	1,404,163
Operating Transfers Out	0	0	(28,461)	(28,461)
Sale of Assets	0	0	0	0
Total Other Financing Sources (Uses)	345,405	0	1,030,297	1,375,702
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	502,362	62,650	607,578	1,172,590
Fund Balance, October 1	417,380	751,491	2,062,914	3,231,785
Prior Period Audit Adjustment	0	0	0	0
Fund Balance, September 30	\$919,742	\$814,141	\$2,670,492	\$4,404,375

The footnotes are an integral part of these Financial Statements.

Manistee County
Reconciliation Report - GASB 34
Year Ended September 30, 2007

Fund Balances on the Balance Sheet on Government Balance Sheet
to Net assets of Governmental Activities on the Statement of Net Assets

Fund Balances on the Balance Sheet	4,404,374
Increase in Assets not booked in Government Balance Sheet	6,143,790
Decrease in Long Term Debt	(85,000)
Decrease in Liabilities	(79,995)
Compensated Absences All Recorded	(260,548)
Long Term Debt Recorded	<u>(2,080,000)</u>
Total Net Assets	8,042,621

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities

Excess(Deficiency) of Revenues	1,172,590
Capital Outlays in Governmental added to Assets in Statement of Activities	316,715
Repayment of Bond Principal is an expenditure in the government funds where it is as reduction in Long Term Debt	85,000
Depreciation is recorded in the Statement of Activities with the offset to accumulated depreciation in the Net Assets.	292,163
Increases in compensated absences are recorded when earned in the Statement of Activities	<u>17,852</u>
Total Changes in Statement of Activities	1,440,644

MANISTEE COUNTY, MICHIGAN
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
SEPTEMBER 30, 2007

ASSETS	Trust & Agency Fund	District Court Fund	Total
Cash	\$5,145,006	\$130,740	\$5,275,746
Due From Other Funds	1,648,384	0	1,648,384
Total Assets	<u>6,793,390</u>	<u>130,740</u>	<u>6,924,130</u>
LIABILITIES			
Trust Payables	6,793,390	130,740	6,924,130
Due to Other Units	0	0	0
Total Liabilities	<u>\$6,793,390</u>	<u>\$130,740</u>	<u>\$6,924,130</u>

The footnotes are an integral part of these Financial Statements.

MANISTEE COUNTY, MICHIGAN

Statement of Net Assets

Component: Units

September 30, 2007

	Road Commission	Total Component Units
ASSETS		
Current		
Cash and Investments	\$715,973	\$715,973
Investments	0	0
Accounts Receivable	1,142,702	1,142,702
Property Taxes Receivable	0	0
Inventories	459,271	459,271
Due From Other Funds	0	0
Prepaid Expenses	104,626	104,626
Other Current Assets	0	0
Non-Current		
Work In Process	0	0
Capital Assets	23,166,476	23,166,476
 Total Assets	 <u>25,589,048</u>	 <u>25,589,048</u>
 LIABILITIES		
Liabilities		
Current Liabilities	405,524	405,524
Non-Current	4,431,441	4,431,441
 Total Liabilities	 <u>4,836,965</u>	 <u>4,836,965</u>
 NET ASSETS		
Invested in Capital Assets-- Net of Related Debt	18,851,951	18,851,951
Restricted for		0
County Roads	1,900,132	1,900,132
Other	0	0
Unrestricted	0	0
 Total Net Assets	 <u>20,752,083</u>	 <u>20,752,083</u>
 Total Liabilities and Net Assets	 <u>\$25,589,048</u>	 <u>\$25,589,048</u>

The footnotes are an integral part of these Financial Statements.

MANISTEE COUNTY, MICHIGAN
Statement of Activities-- Component Units
September 30, 2007

Functions/Programs	Expenses	Revenues			Road Commission	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Road Commission						
Public Works	4,456,633	981,037	4,279,365	0 *	803,769	803,769
Total Component Units	\$4,456,633	\$981,037	\$4,279,365	\$0 *	\$803,769	\$803,769

General Revenues

Contribution from Local Units	574,888	574,888
Licenses and Permits	49,625	49,625
Unrestricted Interest and Investments Earnings	32,935	32,935
Rents/oil Leases	57,388	57,388
Other	19,704	19,704
Gains on Sale of Capital assets	221,810	221,810
Total General Revenues	956,350	956,350
 Change in Net Assets	 1,760,119	 1,760,119
Net Assets-- Beginning	18,991,964	18,991,964
 Net Assets-- Ending	 \$20,752,083	 \$20,752,083

The footnotes are an integral part of these Financial Statements.

MANISTEE COUNTY, MICHIGAN
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS
September 30, 2007

	Road Commission	Total
ASSETS		
Cash and Investments	\$715,973	\$715,973
Accounts Receivable	1,142,702	1,142,702
Other Receivable	0	0
Inventories	459,271	459,271
Due From Other Funds	0	0
Prepaid Expenses	104,626	104,626
Construction in Progress	0	0
Compensated Absences	0	0
Total Assets	<u>2,422,572</u>	<u>2,422,572</u>
LIABILITIES & FUND BALANCE		
Liabilities		
Current Liabilities	457,686	457,686
Accrued Expenses	0	0
Total Liabilities	<u>457,686</u>	<u>457,686</u>
Fund Balance		
Motor Vehicle Highway Fund	1,164,562	1,164,562
Unreserved	800,324	800,324
Total Fund Balance	<u>1,964,886</u>	<u>1,964,886</u>
Total Liabilities and Fund Balance	<u>\$2,422,572</u>	<u>\$2,422,572</u>

The footnotes are an integral part of these Financial Statements.

MANISTEE COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNITS
September 30, 2007

	Road Commission	Total
Revenues:		
State Grants	\$4,255,777	\$4,255,777
Federal Grants	23,588	23,588
Charges For Services	981,037	981,037
Local Contributions	574,888	574,888
Interest And Rental	59,938	59,938
Licenses and permits	49,625	49,625
Other Revenues	780,698	780,698
Total Revenues	<u>6,725,551</u>	<u>6,725,551</u>
Expenditures:		
Public Works	5,755,342	5,755,342
Capital Outlay, net of depreciation credits	(340,813)	(340,813)
Debt Service	328,515	328,515
Other Expenses	0	0
Total Expenditures/Expenses	<u>5,743,044</u>	<u>5,743,044</u>
Excess (Deficiency) of Revenue Over Expenditures	982,507	982,507
Operating Transfer In	0	0
Operating Transfer (Out)	0	0
Proceeds from Debt	0	0
Fund Balance/Retained Earnings-Beg	982,379	982,379
Prior Period Adj	<u>0</u>	<u>0</u>
Fund Balance/Retained Earnings	<u>\$1,964,886</u>	<u>\$1,964,886</u>

The footnotes are an integral part of these Financial Statements.

MANISTEE COUNTY
MANISTEE COUNTY, MICHIGAN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
September 30, 2007

A. REPORTING ENTITY

The County Board of Commissioners, a seven member group, is the level of government which has governance responsibilities over all activities related to the county government jurisdiction of Manistee County. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" since board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and have primary accountability for fiscal matters.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present Manistee County (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes:

- a) oversight responsibility
- b) fiscal dependency
- c) whether the financial statements would be misleading if data were not included.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The method of reporting financial data of component units in a column separate from the financial data of the primary government is referred to as discrete presentation.

The component unit should be included in the reporting entity financial statements using the blending method in either of the following circumstances: a) The component unit's governing body has a majority of its constituents from the primary unit and b) the component unit provides services entirely, or almost entirely to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. The activities have been measured by the standards listed above with the following units being reported as component units with condensed financial statements for those which are discretely presented.

BLENDING COMPONENT UNITS

Medical Care Facility

This is a component unit of government of the County and has been included as such. This unit of government is controlled by an independent board which includes two county appointees and one state appointee. No money, other than maintenance of effort, is derived from the County and the majority comes from billings and fees paid by State and local agencies. The Medical Care Facility board cannot borrow money or levy taxes without the approval of the County. The information is taken from the year ending September 30, 2007 audited financial statements audited by other auditors which can be seen at the Manistee County Treasurer's Office.

Manistee Area 9-1-1/Central Dispatch

This is a component unit of government of the County and has been included as a blended presentation. This unit serves multiple government and private agencies while deriving no financial support directly from other agencies. The reasons for the blended presentation is that while this unit is neither economically dependent nor is it exclusively used by County government, it provides a service which would otherwise be required by the primary government. The unit can neither levy a tax or borrow funds without County approval. The information is taken from the September 30, 2007 year end audited financial statements and can be seen at the Manistee County Treasurer's Office.

Manistee County Building Authority

This is a component unit of government of the County and has been included here as such. However, all expenses to include interest and principal are costs to the County per se and as such are not reported a second time. Therefore, the only reportable amounts which concern this unit are transfers in and out which are negated when the units are combined. See also notes on Long Term Debt.

Manistee/Blacker Airport Authority

The County was a member of a joint venture in the Manistee/Blacker Airport Authority. This is, however, an independent authority which is supported through fees and rents as well as support from Manistee County. During the year ended September 30, 2007 it was determined that in accordance with the criteria established by the County, the Airport authority shall be financially presented as a blended component unit.

The number of governmental units participating in the authority is not limited, but rather is set up under Act 206 of the Public Acts of 1957. No control is exercised by the County over the Airport Authority. The County appoints three members, the City one Member with three additional members coming at large. The Advisory Board is responsible for adopting an annual budget.

Manistee County Library

The Library is a component unit of County government. It is governed by a five member board. The Library prepares its financial statements using the economic resources measurement focus and on the modified accrual basis of accounting. The information is taken from the September 30, 2007 year end audited financial statements audited by other auditors which can be seen at the Manistee County Treasurer's Office.

Condensed Balance Sheet

Assets	\$ 650,549
Total Assets	\$ 650,549
Liabilities	\$ 220,762
Fund Balance	\$ 429,787
Total Liabilities and Fund Balance	\$ 650,549

Condensed Statement of Revenues, Expenses and Changes in Fund Balance

Revenues	\$ 1,413,280
Other Sources and Uses	\$ 1,157,175
Gain	\$ 256,105

DISCRETELY PRESENTED COMPONENT UNITS

Manistee County Road Commission

The County Road Commission, which is established pursuant to county road law (MCL 224.1), is governed by an appointed three member Board of County Road Commissioners. The Road Commission may not issue debt or levy a tax without approval of the County Board of Commissioners. If approval is granted, Road Commission taxes are levied under the taxing authority of the County, as approved by the county electors, and would be included as part of the County's total tax levy as well as reported in the County Road Fund. The information is taken from the September 30, 2007 year end audited financial statements which can be seen at the Manistee County Treasurer's Office.

Condensed Balance Sheet

Assets	\$2,422,572
Property Plant & Equipment (Net)	<u>23,166,476</u>
Total Assets	\$25,589,048
Current Liabilities	\$ 405,524
Bonds and Other Long Term Liabilities	4,431,441
Net Assets	<u>20,752,083</u>
Total Liabilities and Net Assets	\$25,589,048

Condensed Statement of Revenues, Expenses and Changes in Fund Balance

Revenues	\$ 6,216,752
Current Expenditures	<u>4,456,633</u>
Excess Revenue	<u>\$ 1,760,119</u>

Manistee County Transportation, Inc.

This entity is set up as and operated as an independent not-for-profit corporation, incorporated in the State of Michigan. In addition, there is a total separation of fiscal control and/or responsibility by Manistee County and the Governing board operates as an independent entity. The services provided do not fit into the category of "exclusively" used by the primary government. This entity is therefore being excluded based on the above.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Revenues and Expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, as amended*, the County has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days to the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

Medical Care Facility

The accounting policies of the Facility conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Because the Facility provides a service to citizens that is financed primarily by user charges, the accounts of the Facility are accounted for as an Enterprise Fund.

Revenues and Expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, as amended*, the Authority has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Medical Care Facility audit report, prepared by other auditors, was presented in accordance with GASB 34.

Manistee County

The governmental fund accounting policies of Manistee County Board conform to generally accepted accounting principles and include the following fund types:

1. Government Fund Types use modified accrual basis and include -

The *General Funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *Special Revenue Funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of funds.

The *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The *Debt Service Funds* account for the accumulation of resources for, and the payment of, general long-term debt principal and interest recorded in the General Long-Term Debt Account Group.

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas wherein the County is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the County.

3. Proprietary fund types include -

The *Enterprise Funds* use the full accrual basis for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The *Internal Service Funds* account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governmental units on a cost-reimbursement basis. The tax revolving fund contains those fund balances designated for specific use by the Board in accordance with resolutions passed during the years.

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Investments

The County uses the Fair Market Value valuation for all investments. Any adjustments to the value of the investments not related to cash differences but rather to a subsequent valuation change during the current year was entered as unrecognized gain or loss.

Budgeting and Fund Deficit

Prior to September 30th, the board adopts a proposed general fund operating budget for the twelve months beginning October 1st. The budget includes proposed expenditures and the means of financing them. Budgets are adopted on a activity basis, although line item data is provided in the accounts for more effective management control. Amendments to the general fund budget are made as necessary and are properly approved by the board.

C. INVESTMENTS

Act 217, PA 1982, as amended authorizes the County to deposit and invest in the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d) Repurchase agreements consisting of instruments listed in subdivision (a).
- e) Bankers' acceptances of United States banks.
- f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- g) Mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 USC 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
 - i) The purchase of securities on a when-issued or delayed delivery basis.
 - ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h) Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967.
- i) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.
- j) The investment pools organized under the local government investment pool act, 1985 PA 121.

D. CASH, CASH EQUIVALENTS AND INVESTMENTS

Primary Government

For purposes of this presentation, management has determined that cash equivalents consist of those items which will become cash within 90 days of the statement date. The primary government cash does not include Manistee Blacker Airport, Manistee Library or 911. Investments are all in Certificates of Deposit and short term government bonds. Investments of the County are valued at the lower of cost or market at the balance sheet date. All deposits are held in the name of the County. The relative risk of these items of cash are:

	Carrying Value
Insured	\$ 200,000
Uninsured	815,515
Total Cash	\$1,015,515

Deposits are carried at cost and are in three financial institutions in the name of the County Treasurer.

There is \$1,850,748 invested in Certificates of Deposit. The fair market value is approximately the same as face value.

Cash and Cash Equivalents

The balance of the cash is in sweep accounts which are the same as checking.

Medical Care Facility

The Medical Care Facility's deposits and investments are composed of the following:

	Current Assets	Assets Limited as to Use	Total
Cash:	\$ 97,915	\$2,431,531	\$2,529,446

- (1) Cash - County - These funds are under the control of the County Treasurer, who deposits these funds with a bank. It is impractical to determine the amount covered by federal depository insurance as these funds are only a portion of the entire County deposits. However, all available insurance has been taken by the County and none remains.

- (2) Assets Limited as to Use - This cash is limited to the following uses:

For future capital purchases	\$2,189,146
For funded compensated absences	154,362
By donors for various restricted future expenditures	88,023
Total	<u>\$ 2,431,531</u>

911/Central Dispatch

911/Central Dispatch Cash Investments as of September 30, 2007.

		Per Bank	Carrying Value
Insured	\$	200,000	\$ 200,000
Uninsured		<u>566,285</u>	<u>565,911</u>
Total		766,285	765,911

Manistee Blacker Airport

Cash	Insured	\$85,984	\$ 85,984
------	---------	----------	-----------

Manistee County Library

At year end, the carrying amount of the Library's deposits were \$530,421, including certificates of deposit of \$302,236. The bank balance was \$572,877 of which \$229,795 was covered by federal depository insurance and \$343,081 was uninsured and uncollateralized. The Library has \$550 in petty cash on hand.

Manistee County Road Commission

The Road Commission's deposits and investments at September 30, 2007 are included on the balance sheet under the following classifications:

	Carrying Value
Checking, Savings, CD	\$715,873
Investments	0
Petty Cash	<u>100</u>
Total	\$715,973

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Road commission's deposits may not be returned to it. The Road Commission does not have a deposit policy for custodial credit risk. At year end, the Road Commission had \$723,117 of bank deposits (checking, savings, certificates of deposit and money market savings accounts), of which \$308,881 was covered by federal depository insurance and the remainder was uninsured and uncollateralized.

E. ACCOUNTS RECEIVABLE

The Medical Care Facility has accounts receivable as follows:

Patient accounts receivable, net	\$ 1,187,411
Accounts receivable - other	<u>14,838</u>
Total accounts receivable	<u>\$ 1,202,249</u>

The capital improvement fund contains a Note Receivable from the Library in the amount of \$106,063. This note is pursuant to an agreement dated September 9, 2004 which is for a maximum amount not to exceed \$125,000. The agreement stipulates that the rate of interest is 2.75%.

F. PROPERTY TAXES

The County property tax is levied on each December 1st on the taxable value of property located in Manistee County as of the preceding December 31st.

Although Manistee County's ad valorem tax is levied and collectible on December 1, property tax revenues are considered available when they become due or past due and receivable within the current period. The State Equalized Value (SEV) and taxable values are \$1,504,426,342 and \$961,141,383 respectively. The millage for the current year is:

County operating	5.2412
County Library	.9643
Medical Care	.5000
911	.7884
Jail bond	.0820

These amounts are recognized in the respective General Fund and special revenue funds. Property tax revenues are recognized in the subsequent year when budgeted, therefore the receivable is offset by deferred revenue.

G. EMPLOYEE'S DEFERRED COMPENSATION PLAN

The County and the Road Commission offers it's employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or an unforeseeable emergency.

Effective January 1, 1997, the County adopted Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This statement requires plans that have established a qualified third party trust for their plan to remove the plan assets and related liability from the balance sheet of the County since the plan assets would no longer be subject to the general creditors of the County. Manistee County maintains no trust involvement in these plans.

H. RETIREMENT SYSTEM - MERS OPERATED

Manistee County employees including those component units consisting of the Library and the Medical Care Facility, are covered under the Manistee County retirement program.

Plan Description

Manistee County participates in the Michigan Municipal Employees Retirement System (MERS), a public employer and employee retirement system organized pursuant to Section 12a of Act No 156, Public Acts of 1951, (MSA 5.333(a); MCLA 46, 12a), as amended, State of Michigan. Substantially all employees are covered by the MERS retirement system. There is no mandatory retirement.

The Manistee County Pension Plan which is a multiple employer defined benefit pension plan that covers all full-time and part-time employees of the County may elect to receive coverage. The plan provides retirement benefits, as well as death and disability benefits, to plan members and their beneficiaries. At December 31, 2006 the date of the most recent actuarial valuation, membership consisted of 108 retirees and beneficiaries currently receiving benefits and 47 terminated employees entitled to benefits but not yet receiving them, and 287 current active employees. The plan does not issue a separate financial report specifically for each Facility. All Required Contributions were made

The cost and market value of the retirement fund investment for the total MERS system at December 31, 2006 are disclosed in the annual financial statements of the Michigan Municipal Employees' Retirement System. Although an actuarial study is performed annually for Manistee County, the actuarial report does not break out all required facility data necessary for proper disclosure. All disclosures required by Governmental Accounting Standards Board Statement No. 5 with respect to pension data have not been included in these financial statements.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and the unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plan's funded status on a going-concern basis. Analysis of the percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll provides an approximate adjustment for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

Manistee County Road Commission Employees' Retirement System

Manistee County Road Commission participates in a defined benefit retirement plan administered by the Municipal Employee's retirement System (MERS). The plan covers substantially all full time employees. The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report, available to the public, that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing the MERS at 447 N. Canal Road, Lansing, Michigan 48917.

All full time County Road union and administrative employees are eligible to participate in the system. Benefits vest after ten years of service. Employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of the member's 5-year final average compensation. Effective July 1, 1999 the plan was changed to MERS F55 so that employees with at least 30 years of service and are age 55 can retire with full benefits. The system also provides death and disability benefits which are established by state statute.

Participating County Road employees are not required to contribute to the system. The County Road commission is required to contribute the amount necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute. At December 31, 2006 the date of the most recent actuarial valuation, membership consisted of 26 retirees and beneficiaries currently receiving benefits and 4 terminated employees entitled to benefits but not yet receiving them, and 44 current active employees.

Actuarial Accrued Liability - the actuarial liability was determined as part of an actuarial valuation of the plan as of December 31, 2005. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit and c) the assumption that benefits will increase 2.5% annually after retirement.

All entries are based on the actuarial methods and assumption that were used in the December 31, 2006 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial method was used to determine the entries at disclosure.

GASB 25 Information as of 12/31/06

Actuarial Accrued Liability:

Retirees and beneficiaries currently receiving benefits	\$ 4,965,059
Terminated employees not yet receiving benefits	368,004
Current employees:	
Accumulated employee contributions	
Including allocated investment income	0
Employer financed liability	<u>4,484,513</u>
Total Actuarial accrued liability	<u>9,817,576</u>

Net Assets Available for Benefits, at actuarial value (Market value is \$4,378,934)	<u>4,318,522</u>
--	------------------

Unfunded (over funded) actuarial accrued liability	<u>\$ 5,499,054</u>
--	---------------------

GASB 25 Three Year Trend Information

Year Ended September 31	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2007	398,096	100%	\$0
2006	413,701	100%	\$0
2005	265,876	100%	\$0

I. LONG TERM DEBT

Building Authority Bonds

Series 1999

Original amount \$1,375,000

Annual principal installments \$25,000 to \$105,000

Final maturity 2024

Interest rate 5.25% to 6.00%

	Principle	Interest
2008	50,000	66,085
2009	50,000	63,433

Series 2000

Original amount \$825,000

Annual principal installments \$20,000 to \$65,000

Final maturity 2024

Interest rate 5.25% to 5.90%

	Principle	Interest
2008	30,000	40,295
2009	30,000	38,713

Series 2006

Original amount \$1,935,000

Annual principal installments \$15,000 to \$165,000

Final maturity 2024

Interest rate 3.65% to 4.25%

	Principle	Interest
2008	15,000	78,020
2009	15,000	77,465
2010	95,000	76,903
2011	100,000	73,103
2012	105,000	69,103
Next Five Years	575,000	282,048
Next Five Years	695,000	157,075
Next Two Years	320,000	20,613

	Balance October 1, 2006	Additions	Reductions	Balance Sept. 30, 2007	Portion Due in One Yr.
Bonds Payable	2,165,000		85,000	2,080,000	95,000

General Obligation Debt

Road Commission Bond

The information concerning this debt is maintained in the Manistee County Road Commission. While the debt rests with Manistee County, it is financed through the State Income paid to the Road Commission. At any time the debt service fund is not fully paid, the amounts will be withdrawn from the State monies to insure the debt is paid.

Manistee County Road Commission

The following is a summary of the long-term debt transactions for the Road Commission for the year ended September 30, 2007:

	Balance October 1, 2006	Additions	Reductions	Balance Sept. 30, 2007	Portion Due in One Yr.
Excavator Contract	\$66,622	\$ 0	\$ 52,097	\$14,525	\$14,525
Bond Payable	4,400,000		100,000	4,300,000	100,000
Compensated Absences	<u>87,654</u>		<u>22,900</u>	<u>64,754</u>	<u>9,600</u>
Total Long Term Debt	4,554,276	0	174,997	4,379,279	124,125

During 2004 the Manistee County Road Commission initiated a Debt Service fund to service the financing of the new Manistee County Road Commission Central Facility. The bond debt repayment schedule is as follows:

Year Ending September 30,	Installment Contract	Bond Payable
2008	14,683	289,775
2009		336,275
2010		380,650
2011		373,150
2012		365,150
2013-2017		1,888,000
2018-2022		1,900,800
2023-2024		<u>805,600</u>
Totals	<u>14,683</u>	<u>6,339,400</u>

In 2006 a rental agreement for an excavator was replaced with a long term debt lease purchase agreement. The initial debt was for \$66,000 to be paid over a three year life at 4.4%.

In 2006 the Bond Payable was a Michigan Transportation Fund used to build the new central operations facility. Original issue amount was \$4,500,000 due in annual installments of \$100,000-\$400,000 through August 1, 2024, plus interest, due semi-annually at 3.5 to 4.85%.

The accumulated vacation and sick leave is not subject to an annual amortization calculation because it will become due and payable in varying amounts from year to year as employees terminate their employment with the Manistee County Road Commission

J. CONTINGENT LIABILITY

The primary government has no material contingent liabilities as of the date of this report.

The Manistee County Road Commission contracts with the State of Michigan to perform state highway maintenance functions for the State. The cost of the maintenance is then billed to the State of Michigan who reimburses the Manistee County Road Commission for the costs incurred. These costs reimbursements contract expenditures are subject to audit at some future date by the State of Michigan. The amount, if any, of expenditures which may be disallowed by the State of Michigan cannot be determined until the State completes its annual audit of its maintenance agreement with the Manistee County Road Commission. The audit adjustment is accounted for as an adjustment of the current years expenditures.

The Manistee County Road Commission is party to various legal proceedings incidental to its operations. Certain claims, suits and complaints arising in the ordinary course of operations have been filed against the Road Commission. In the opinion of management and legal counsel, all such matters are adequately covered by insurance or, if not so covered, are without merit or are in a very preliminary state, and it is not possible to currently assess the probability of an unfavorable outcome.

K. COMPENSATED ABSENCES, SICK LEAVE, VACATIONS AND ACCRUED/PREPAID SALARIES.

Primary Government:

Vacation and Sick Leave is earned on a monthly basis with excess sick leave available to be paid. The totals of compensated absences are computed at current wage rates and include the following:

	Sick Pay	Vacation Pay	Personal
Courthouse	\$ 79,982	\$ 75,157	\$ 32,226
Sheriff Department	14,892	31,113	9,878
911 Dispatch	0	9,992	7,308
Total	<u>\$ 94,874</u>	<u>\$ 116,262</u>	<u>\$ 49,412</u>
Medical Care Facility Compensated Absences		\$736,805	
Manistee County Library Termination Benefits		\$ 16,979	

No accruals or prepaids have been made for these salaries and wages as the net effect is minimal and the change to accrual accounting further minimizes the effect.

Employees earn one day of sick leave credit for each month of service, with a maximum accumulation of 110 days. All employees during their first year of employment earn vacation using their date of hire. After completing one year all employees accrue vacation benefits which are to be used for vacation during the next succeeding calendar year. Vacation time must be used before the end of the succeeding calendar year. Vacation time does not accumulate and the employees are not paid for days not used.

Employees may be required to present a doctor's release for sick leave lasting three or more days, or if a specific pattern or abuse of the sick leave policy develops.

Vacation time, with regards to the sheriff's department, shall be taken in increments of five days or less, unless other arrangements have been made in advance. Requests must be submitted to the sheriff at least 10 days prior to the requested days off. No more than one employee in each designated area can be away on vacation at one time.

Employees who quit and provide two weeks written notice are entitled to payment at their straight-time hourly rate for their accrued, but unused vacation days.

Effective January 1, 1996 all employees with an existing bank of sick time will have the option, during the term of the existing contract, of converting an employer specified number of accumulated sick time hours to cash at the discounted rate of 85% value. Also, each eligible employee will receive five annual personal days which shall not accumulate from year to year. The employer will pay in January of the following year for up to three days of unused personal time.

Manistee County 911/Central Dispatch

There are no compensated absences to the extent that sick pay is accrued and payable upon retirement. The total accrued and payable for employees on the Manistee County 9-1-1/Central Dispatch is \$9,556.

Manistee County Library

Manistee County Library accounts for accrued employee sick leave in it's long-term debt account group. As of September 30, 2007 the accrual is \$16,979.

At September 30, 2007, long-term debt currently outstanding is as follows:

Promissory note, payable in annual installments of \$12,500 through March 1, 2016, interest at 2.75%, fully issued at September 30, 2006	\$112,500
--	-----------

It should be noted that this is an agreement between the primary and a blended component unit.

Manistee County Road Commission

The total accumulated unpaid vacation and sick pay liability of the Manistee County Road Commission at September 30, 2007 was \$64,754. Of this amount \$9,600 was estimated to be a current liability and is reflected as a liability on the government-wide statement of net assets. The remaining \$55,154 was determined to be a long term liability and is therefore reflected as a non-current liability on the government-wide statements. A liability for these amounts is only reported in the governmental funds for known employee terminations as of year-end.

The employee policies regarding the accumulation and payment of vacation and sick leave time are as follows:

- Vacation Time - Maximum carry-forward is one year of earned vacation. Unused vacation pay will be paid at current rates at date of employment separation.
- Sick Time - Sick leave can not be accumulated. Unused sick leave will be paid at current rates on December 1 each year up to a maximum of 32 hours any additional hours are lost at that time.

These amounts were determined to be a long-term liability in its entirety and is therefore reflected as a non-current liability on the government-wide statements. A liability for these amounts is only reported in the governmental funds for known terminations as of year end.

County Road Commission employees earn vacation and personal leave in varying amounts depending on the number of years of service. Accumulated vacation may not exceed the total earned for any given year per the union contract. Non-union employees are also subject to the vacation provisions embodied in the union contract. Unpaid vacation and personal leave at September 30, 2007 amounted to \$60,824.

Sick leave is accumulated at the rate of one day for each month of service with accumulation not to exceed 170 days. The policy also provides that employees who separate from employment with the Road Commission will be paid for their accumulated leave up to a maximum of sixty (60) days. Unpaid sick leave at September 30, 2007 amounted to \$87,654.

Effective December 1, 1994 the above sick leave program was replaced with one which each full time employee shall be given sixty-four to seventy-two hours of short-term leave annually which may be used throughout a given fiscal year. In the first pay period of December each year all unused time shall be paid. There are no provisions to accumulate this time. The former plan is still in effect and employees will retain those benefits. Upon retirement the accumulated sick leave will be paid up to a maximum of sixty days. This liability will decrease as the years progress.

L. ENCUMBRANCES

The County does not formally record encumbrances in the accounting records.

M. LITIGATION

In connection with the normal conduct of its affairs, the County is involved in various claims and litigations. It is expected that the final resolution of these matters will not materially affect the financial statement of the County.

After field work was completed but before this report was issued, the appeal made by Tondou concerning the property tax due failed. As a result of this decision, no contingent liability is included within this report.

N. RISK FINANCING AND RELATED INSURANCE ISSUES

Primary Government:

The local unit is a member of the Michigan Municipal Risk Management Authority. As a member of the authority, the Local Unit is partially self-insured for general and auto liability, motor vehicle physical damage and property loss claims. Under most circumstances, the municipality's maximum loss per occurrence is limited as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General Liability	75,000
Auto Physical Damage	15,000 per unit
Auto Physical Damage	30,000 per occurrence
Property Coverage	100,000 (after 10% to member)

Medical Care Facility:

The Facility is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Facility has purchased commercial insurance for malpractice and general liability claims, workers' compensation and employee medical benefit claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Facility is insured against potential professional liability claims under an occurrence-basis policy, whereby all claims resulting from incidents that occur during the policy period are covered up to insured limits, regardless of when the claims are reported to the insurance carrier. There are no known outstanding or pending claims at September 30, 2007 and September 30, 2006.

O. FIXED ASSETS

Fixed assets for the primary government and its blended units, Medical Care Facility, Road Commission and 911/Central Dispatch, are listed below:

Medical Care Facility:

Asset	Depreciable Life - Years	2006	Additions	Retirements Transfers	2007
Bldg & Imprvmnts	10-40	\$3,709,107	\$134,548	\$ 0	3,843,655
Equipment	5-20	<u>1,131,596</u>	<u>109,137</u>	<u>0</u>	<u>1,240,733</u>
Total cost		4,840,703	243,685	0	5,084,388
Accumulated Depreciation					
Bldg & Imprvmnts		1,560,818	77,918		1,638,736
Equipment		<u>765,507</u>	<u>156,372</u>	<u>0</u>	<u>921,879</u>
Total Accum Dep.		2,326,325	234,290	0	2,560,615
Net Carrying amount		<u>\$2,514,378</u>			<u>\$2,523,773</u>

Manistee County Road Commission

Asset				
Land and improvements	\$ 600,118		195,506	\$ 404,612
Buildings	6,639,299		862,555	5,776,744
Infrastructure	29,034,276	1,690,795		30,725,071
Equipment	7,215,855	335,009	283,154	7,267,710
Yard and Storage	823,699		464,030	359,669
Depletable Assets	<u>24,065</u>			<u>24,065</u>
	44,337,312	2,025,804	1,805,245	44,557,871

Accumulated Depreciation				
Buildings	1,207,010	212,522	594,175	825,357
Improvements	62,021	34,860	43,350	53,531
Infrastructure	13,755,029	238,567		13,993,596
Equipment	6,216,290	383,913	244,581	6,355,622
Yard and Storage	533,101	44,528	414,340	163,289
	<u>21,773,451</u>	<u>914,390</u>	<u>1,296,446</u>	<u>21,391,395</u>

Net Fixed Assets \$ 22,563,861 \$ 1,111,414 \$ 508,799 \$23,166,476

All fixed assets are based on historical cost for all assets. Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Infrastructure	5 to 10 years
Equipment	10 to 30 years
Vehicles	3 to 20 years

911/Central Dispatch

Assets:

	<u>2006</u>	<u>additions</u>	<u>deletions</u>	<u>2007</u>
Buildings	\$ 3,000	0	0	\$ 3,000
Equipment	940,559	53,461	0	994,020
Total	943,559	53,461	0	997,020

Accumulated Depreciation:

Buildings	808	77	0	885
Equipment	524,368	100,251	0	624,619
Total	525,176	100,328	0	625,504

Primary Government

Equipment	\$180,055	129,400	0	\$309,455
Vehicles	513,508	187,315	0	700,823
Miscellaneous	221,064	0	0	221,064
Buildings	8,951,067	0	0	8,951,067
Land	59,714	0	0	59,714
Total	\$9,925,408	316,715	0	10,242,123

Less Accumulated Depreciation for

Equipment	\$ 94,629	46,945	0	\$141,574
Vehicles	385,713	26,746	0	412,459
Miscellaneous	192,757	71,364	0	264,121
Buildings	3,133,071	147,109	0	3,280,180
Land	0			0
Total	\$3,806,170	292,163	0	\$4,098,333

All fixed assets are based on historical cost for all assets with a cost of \$5,000 or more. The County Commission passed a resolution to record all assets with values in excess of \$5,000. Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years
Manistee County Library	

	Balance 10/01/06	Additions	Deletions	Balance 09/30/07
Leasehold improvements	\$ 315,188	\$ 0	\$ 0	\$ 315,188
Furniture and fixtures	126,478	16,403	0	142,881
Computers and Technology	164,078	0	0	164,078
Library Books	1,847,683	143,161	0	1,990,844
Total	2,453,427	159,564	0	2,612,991
Accumulated Depreciation	1,455,765	191,157	0	1,646,922
Net Capital Assets	997,662	(31,593)		966,069

Property and equipment of the Library is depreciated using the straight line method over the following estimated useful lives:

Leasehold improvements	20 years
Books	7 years
Furniture and Fixtures	20 years
Computer and Technology	10 years

P. POST EMPLOYMENT BENEFITS

Primary Government:

Certain departments in County government are subject to post employment benefits. There is a current effort to determine this liability which will be reported in next year's financial reports in accordance with GASB 45.

Q. GENERAL FUND DEFERRED REVENUE

The financial statement presentation includes a General Fund deferred revenue in the amount of \$886,160. The amount is equal to one quarter (three months) of the annual taxes collected which will subsequently be expended during the final three months of the calendar year.

The required payments into the one-third State Revenue Sharing Replacement Fund plan were not made in a timely manner. However, by the end of audit field work, the fund had been overpaid. During field work, a general agreement was reached as to the amounts to be paid into this fund and plans to correct the fund were implemented. It must be emphasized that this fund effectively eliminated the state revenue sharing payment in total.

R. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

PA 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year, the County incurred expenditures in certain budgeted funds which were in excess of the amount appropriated. As of the fiscal year end, there were no material variances.

S. CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2002 the County and its component units implemented the provision of Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the financial statements as a result of GASB No. 34 are as follows:

A management's discussion and analysis (MD&A) section providing analysis of the entities overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using full accrual accounting for all of the entity's activities have been provided.

Capital assets in the Statement of Net Assets include infrastructure assets (roads, bridges, etc) not previously accounted for in the Road Commission section of the report as well as other capital assets that were previously accounted for in the General Fixed Asset Account Group. In addition, the government activities column includes bonds and other long-term obligations previously reported in the General long-Term Debt Account Group.

T. GENERAL FUND RESERVED FUND BALANCE

The General Fund reserved fund balance is due to general tax levy and County operating fiscal year timing differences.

SUPPLEMENTAL STATEMENTS

WILSON, WARD CPA FIRM

P.O. Box 205
3015 M-137
Interlochen, MI 49643

(231) 276-7668

Fax: (231) 276-7687

E-mail: wilson@wilsonward.com

The Board of Commissioners
Manistee County
Manistee, Michigan

We have audited the combined financial statements of Manistee County, Michigan for the year ended September 30, 2007. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the Table of Contents, are presented for purposes of the additional analysis and are not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Wilson Ward CPA Firm

Interlochen, MI
December 20, 2007

GENERAL FUND

MANISTEE COUNTY, MICHIGAN
STATEMENT OF REVENUES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budget			Variance
	Approved	Amended	Actual	Favorable (Unfavorable)
TAXES				
Current Real Property Tax	\$4,459,690	\$4,602,587	\$5,164,316	\$561,729
Delinquent Real Property Tax	470,521	470,521	470,522	1
Delinquent Personal Property Tax	25,000	25,000	0	(25,000)
Swamp Tax	16,635	16,635	16,635	0
Payment in Lieu of Taxes	78,226	78,226	73,337	(4,889)
Convention Facilities Tax	127,078	127,078	124,649	(2,429)
Cigarette Tax	4,029	4,029	4,261	232
Real Estate Transfer Tax	110,000	110,000	94,341	(15,659)
Taxes Total	5,291,179	5,434,076	5,948,061	513,985
LICENSES AND PERMITS				
Trailer Fees	750	750	402	(348)
Liquor Licenses	1,000	1,000	3,547	2,547
Total Licenses & Permits	1,750	1,750	3,949	2,199
FEDERAL GRANTS				
Friend of the Court IV - D CRP	432,221	418,021	404,772	(13,249)
Prosecuting Attorney IV - D CRP	29,350	29,608	29,679	71
Forest Patrol	4,000	4,488	4,488	0
Commercial Forest	350	350	427	77
Secondary Road Patrol (Act 416)	81,714	77,522	77,522	0
SSCENT Drug Team	24,624	27,262	27,263	1
Emergency Services	31,318	22,401	22,401	0
Total Federal Grants	603,577	579,652	566,552	(13,100)
STATE SOURCES				
Circuit Judge Salary Supplement	30,635	30,635	30,905	270
Circuit Court DOC Reimbursement	12,500	6,591	2,268	(4,323)
Circuit Court Jury Reimbursement	4,000	4,000	1,633	(2,367)
CRP Revenue State Share	6,202	6,202	6,519	317
District Judge Salary Supplement	27,434	27,434	27,164	(270)
Probate Judge Salary	94,195	102,451	102,142	(309)
Probate Judge Salary Supplement	45,724	45,724	45,724	0
Access Visit	20,000	20,000	7,400	(12,600)
Drunk Driving Case Flow Asst		0	0	0
Anti Drug Grant Reimbursement	250	250	256	6
Prosecuting Attorney - Victims Rights Reimbursements	18,000	18,000	18,000	0
Prosecuting Attorney DOC Reimbursement	500	500		(500)
FOC IV D Incentive	32,052	32,052	42,811	10,759
Marine Safety	21,024	130,622	130,622	0
Court Funding Reimbursement	142,000	142,000	140,094	(1,906)
Snowmobile Safety	31,443	34,189	34,189	0
State Revenue Sharing	0	0	0	0
Total State Sources	485,959	600,650	589,727	(10,923)
REIMBURSEMENTS FROM OTHER AGENCIES				
Circuit Court Salaries	97,399	108,897	103,203	(5,694)
Circuit Court Fringes	42,946	45,809	48,360	2,551
Attorney Fees Reimb	6,000	6,000	10,666	4,666
Circuit Court Misc Reimb	7,150	7,150	7,808	658
Juvenile Division	135,462	128,308	128,308	0
District Court Salaries	18,290	18,290	18,290	0
District Court Fringe Benefits	168,802	168,802	65,914	(102,888)
District Court Court Recorder	0	8,404	8,405	1
District Court Misc Reimbursements	0	0	102,722	102,722
Attorney Fees Reimb - Probate	800	800	900	100
Welfare Fraud Reimbursement	500	500		(500)
Twp/City/School Reimbursement	92,819	94,270	94,270	0
Friend of the Court Misc Reimb	74,490	74,490	102,377	27,887
Friend of the Court Appointed Council	0	0	0	0
Total Reimbursements	\$644,658	\$661,720	\$691,223	\$29,503

The footnotes are an integral part of these Financial Statements.

MANISTEE COUNTY, MICHIGAN
STATEMENT OF REVENUES
BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED SEPTEMBER 30, 2007

	Budget		Actual	(Unfavorable)
	Approved	Amended		
CHARGES FOR SERVICES				
Circuit Court Cost	\$9,000	\$9,000	\$16,815	\$7,815
Circuit Court Fees	16,150	16,150	12,570	(3,580)
District Court Cost	410,000	416,255	416,255	0
District Court Fines	35,000	47,599	47,599	0
District Court Fees	5,600	5,600	7,759	2,159
District Court Fees -Victim rights	3,000	3,000	2,766	(234)
Clearance Card Cost	4,000	4,000	3,553	(447)
Bond Cost, Bond Forfeitures	25,000	30,881	30,407	(474)
Ordinances Fines & Costs	84,000	84,000	83,430	(570)
Friend of the Court Cost	1,129	1,129	408	(721)
Friend of the Court Fines	1,400	1,400	0	(1,400)
Friend of the Court Fees	36,516	36,516	25,840	(10,676)
Probate Court Fees	15,000	15,000	14,837	(163)
Probate Court - Sale of Supplies	200	200	572	372
Clerks Fees	43,000	62,091	62,091	0
Administration Fees	97,100	80,417	80,086	(331)
Administration	50	50	382	
Prosecuting Attorney - Services	10,500	10,500	13,473	2,973
Prosecuting Attorney - Fees	0	0	139	139
Equalization	500	77	77	0
Register of Deeds - Recording Fees	205,000	135,611	151,250	15,639
County Survey & Remonumentation	400	400	421	21
Tax Certificates	1,300	1,300	870	(430)
Tax History	3,000	3,000	3,718	718
Sheriff's Services	24,500	32,419	29,905	(2,514)
Livery Inspections	300	300	314	14
Animal Control	41,800	46,638	46,638	0
Jail	125,950	148,165	148,170	1
Planning Department - Services	33,850	39,269	39,270	1
Building & Grounds	12,156	12,156	12,156	0
Total Charges for Services	1,245,501	1,243,127	1,251,771	8,644
INTEREST AND RENTALS				
Interest Earned	72,000	94,733	127,618	32,885
Rents and Royalties	5,500	5,500	2,278	(3,222)
Total Interest & Rentals	77,500	100,233	129,896	29,663
OTHER REVENUES				
Casino Pilt	247,364	247,364	247,364	0
Casino Revenue Sharing Board	3,876	1,674	1,674	0
Bad Check Charge	500	500	0	(500)
Dare Golf	15,000	15,000	17,282	2,282
Forfeited Assets	2,500	2,500	0	(2,500)
Insurance Reimb	15,382	15,382	14,605	(777)
Workers Comp Div	17,000	17,000	23,797	6,797
State Revenue Sharing Reserve Fund	475,357	476,357	406,357	(70,000)
Contributions	0	26,822	26,823	
Miscellaneous	0	14	35,756	35,742
Total Other Revenues	777,979	802,613	773,658	(28,956)
TRANSFERS IN				
Foreclosure Revenue	47,578	47,578	18,907	(28,671)
Court Security	10,767	10,767	10,767	0
Department Contingency	0	8,769	8,769	0
Tax Revolving Fund	306,962	306,962	306,962	0
Total Transfers In	365,307	374,076	345,405	(28,671)
TOTAL REVENUES & TRANSFERS IN	\$9,493,410	\$9,797,897	\$10,300,242	\$502,344

The footnotes are an integral part of these Financial Statements.

MANISTEE COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES & OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budget Approved	Amended	Actual	Variance Favorable (Unfavorable)
LEGISLATIVE				
Board of Commissioners	\$85,936	\$107,245	\$107,244	\$1
JUDICIAL				
Circuit Court	666,072	694,040	694,040	0
Circuit Court - Juvenile	370,682	402,430	402,429	1
District Court	596,943	653,945	653,945	0
Friend of the Court	620,484	678,479	678,479	0
Jury Commission	3,499	3,321	3,321	0
Probate Court - General	255,066	257,324	257,324	0
Total Judicial	2,512,746	2,689,539	2,689,538	1
GENERAL GOVERNMENT				
Elections		0	0	0
County Clerk	305,654	317,071	317,071	0
County Administrator	319,391	302,017	302,016	1
General Services	250,016	286,394	286,394	0
Data Processing	73,800	204,760	204,759	1
Equalization Department	305,466	318,120	318,120	0
Prosecuting Attorney	414,100	426,023	426,022	1
Register of Deeds	165,402	174,310	174,310	0
Treasurer	247,095	215,599	215,599	0
Building and Grounds	496,982	614,065	614,065	0
Plat Board	113	0	0	0
Drain Commissioner	6,831	7,690	7,689	1
Substance Abuse	452	61,326	62,325	(999)
Building Authority	191	85	84	1
Public Works Board		0	0	0
Private Industry Council	2,266	1,002	1,001	1
Revenue Sharing Board	3,876	1,938	1,938	0
Employee Insurance		0	0	0
Tax Allocation Board		0	0	0
Total General Government	2,591,635	2,930,400	2,931,393	(993)
PUBLIC SAFETY				
Sheriff	940,996	958,886	958,886	0
Marine Safety	57,647	158,838	158,837	1
Jail	1,177,914	1,254,651	1,254,650	1
Snowmobile Patrol	38,678	43,930	43,929	1
Emergency Services	71,967	71,434	71,434	0
Animal Control	115,339	109,143	109,143	0
Secondary Road Patrol	84,163	68,288	68,287	1
SSCENT Drug Team	73,722	76,454	76,453	1
USFS Patrol Assistance	3,015	4,975	4,975	0
Court Security	37,975	37,975	37,975	0
K-9	72,586	83,950	83,950	0
Total Public Safety	\$2,674,002	\$2,868,524	\$2,868,519	\$5

The footnotes are an integral part of these Financial Statements.

MANISTEE COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES & OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budget			Variance
	Approved	Amended	Actual	Favorable (Unfavorable)
HEALTH AND WELFARE				
Medical Examiner	\$58,244	\$79,404	\$79,403	\$1
Contagious Diseases	2,500	1,652	1,651	1
Veterans Affairs	28,800	29,489	29,488	1
Veterans Trust - Rent		0	0	0
MSU Co-operative Extension	77,600	81,203	81,202	1
MECCA	83,000	85,895	85,895	0
Health Department	0	145,217	145,219	(2)
District Health Dept - Rent	57,776	40,766	40,766	0
Jaws of Life Team	0	1,000	0	1,000
Mental Health	165,000	173,250	173,250	0
Conservation Resource Alliance	475	500	500	0
Soil Conservation	6,650	13,922	13,922	0
Area Agency on Aging	4,064	4,064	4,064	0
DSS Board - MCF	8,624	5,453	5,453	0
Northwest Commission	0	0	0	0
Planning	143,311	142,139	142,139	0
Total Health and Welfare	636,044	803,954	802,952	1,002
CULTURAL AND RECREATION				
Airport Authority	70,000	70,000	70,000	0
Agricultural Fair	9,500	14,000	14,000	0
Manistee Recreation Association	2,613	2,750	2,750	0
Historical Museum	0	0	0	0
Total Education & Recreation	82,113	86,750	86,750	0
OTHER				
Visioning Project	0	0	0	0
Budget Stabilization		0	0	0
Council on Government	4,174	4,174	4,174	0
Hazardous Waste	0	7,000	7,000	0
Insurance and Bonds	251,700	300,310	300,310	0
Total Other Charges	255,874	311,484	311,484	0
TOTAL EXPENDITURES	8,838,350	9,797,896	9,797,880	16

The footnotes are an integral part of these Financial Statements.

MANISTEE COUNTY, MICHIGAN
CHANGES IN FUND EQUITY FOR THE FISCAL YEAR ENDED
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Fund Equity - October 1, 2006	\$417,380
Excess Revenue over Expenditures	502,362
Prior Years Adjustments	<u>0</u>
Fund Equity - September 30, 2007	<u>\$919,742</u>

The footnotes are an integral part of these Financial Statements.

SPECIAL REVENUE FUNDS

MANISTEE COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2007

	Friend of the Court	Law Library	Remonument	Family Counseling Service	Budget Stabilization	WMD Homeland Security	Technology Fund	Economic Development Revolving	Economic Development Housing	Dept Human Services	Law Enforcement Training	LEPC Emergency Services
ASSETS												
Cash	\$26,745	\$2,833	(\$23,068)	\$17,174	\$722,585	\$34	\$233,027	\$0	(\$11,629)	\$223	(\$9,111)	\$1,517
Accounts Receivable	0	0	29,568	0	0	0	18,078	0	83,997	35,000	9,903	0
Due from other Funds	0	0	0	0	0	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	26,745	2,833	6,500	17,174	722,585	34	251,105	0	52,368	35,223	792	1,517
LIABILITIES & FUND BALANCE												
Liabilities												
Accounts Payable	0	2,833	6,500	0	0	0	1,422	0	54	(18,000)	540	134
Due to State of Michigan	0	0	0	0	0	0	0	0	0	53,000	0	0
Deferred Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Liabilities	0	0	0	0	0	0	0	0	464	0	252	0
Compensated Absences	0	0	0	0	0	0	0	0	0	0	0	0
Due to Other Funds	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	0	2,833	6,500	0	0	0	1,422	0	518	35,000	792	134
Fund Balance												
Reserved for Capital Improvements	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserved	0	0	0	0	0	0	0	0	0	0	0	0
Unreserved	26,744	0	0	17,174	722,585	34	249,683	0	51,850	223	0	1,383
Total Fund Balance	26,744	0	0	17,174	722,585	34	249,683	0	51,850	223	0	1,383
Total Liabilities and Fund Balance	\$26,744	\$2,833	\$6,500	\$17,174	\$722,585	\$34	\$251,105	\$0	\$52,368	\$35,223	\$792	\$1,517

MANISTEE COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2007

	Animal Shelter	Juvenile Justice	County Forestry	Air Photo	Drug Testing	Juvenile Intervent Strategy	Soldiers & Sailors Relief	Public Improvement	Forfeited Assets Sheriff Department	Child Care Fund	Capital Improvement	Veterans Trust
ASSETS												
Cash	\$411	(\$2,500)	\$4,540	\$86,316	(\$22,931)	\$21,537	\$23,385	\$9,441	\$0	\$254,787	\$172,690	\$4,021
Accounts Receivable	0	2,500	0	0	0	785	0	0	0	24,283	0	0
Due from other Funds	0	0	0	0	0	0	0	0	0	0	0	0
Other Assets	0	0	0	0	23,383	0	0	0	3,215	0	0	0
Total Assets	411	0	4,540	86,316	452	22,322	23,385	9,441	3,215	279,070	172,690	4,021
LIABILITIES & FUND BALANCE												
Liabilities												
Accounts Payable	0	0	0	0	0	238	0	0	0	15,890	0	0
Due to State of Michigan	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Liabilities					452					3,109		
Compensated Absences	0	0	0	0	0	0	0	0	0	0	0	0
Due to Other Funds	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	452	238	0	0	0	18,799	0	0
Fund Balance												
Reserved for Capital Improvements	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserved	0	0	0	0	0	0	0	0	0	0	0	0
Unreserved	411	0	4,540	86,316	0	22,084	23,385	9,441	3,215	260,271	172,690	4,021
Total Fund Balance	411	0	4,540	86,316	0	22,084	23,385	9,441	3,215	260,271	172,690	4,021
Total Liabilities and Fund Balance	\$411	\$0	\$4,540	\$86,316	\$452	\$22,322	\$23,385	\$9,441	\$3,215	\$279,070	\$172,690	\$4,021

MANISTEE COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007

	Dive Equipment Fund	County Employee Training	Sheriff's K-9 Unit	911/Central Dispatch	Department Contingency	Juvenile Accountable Fund	Drunk Driving Casellow Assist	Judicial Technology	Mounted Search & Rescue	Community Corrections	Elections	Law Enforcement Technology
ASSETS												
Cash	(\$114)	\$29,227	\$590	\$829,922	159,648	\$0	\$12,632	\$2,174	\$7,615	(\$134,312)	\$84,228	\$29
Accounts Receivable	115	0	0	0	0	0	0	0	0	0	0	0
Due from other Funds	0	0	0	0	0	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0	0	0		171,358	0	0
Total Assets	1	29,227	590	829,922	159,648	0	12,632	2,174	7,615	37,046	84,228	29
LIABILITIES & FUND BALANCE												
Liabilities												
Accounts Payable	0	765	0	0	0	0	0	0	1,304	102	0	15
Due to State of Michigan	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Liabilities	0	0	0	15,781						961		
Compensated Absences	0	0	0	0	0	0	0	0	0	0	0	0
Due to Other Funds	0	0	0	0	0	0	0	0	0	0	0	0
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	0	765	0	15,781	0	0	0	0	1,304	1,063	0	15
Fund Balance												
Reserved for Capital Improvements	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserved	0	0	0	0	0	0	0	0	0	0	0	0
Unreserved	1	28,462	590	814,141	159,648	0	12,632	2,174	6,311	35,983	84,228	14
Total Fund Balance	1	28,462	590	814,141	159,648	0	12,632	2,174	6,311	35,983	84,228	14
Total Liabilities and Fund Balance	\$1	\$29,227	\$590	\$829,922	\$159,648	\$0	\$12,632	\$2,174	\$7,615	\$37,046	\$84,228	\$29

The footnotes are an integral part of these financial statements.

MANISTEE COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2007

	District Court Services Fund	Automation Register Deed Fund	MSHDA Maxwelltown Grant	F.I.A. Benzie Co. Fund	Juvenile Outreach Fund	Non-Secure Detention Fund	Brownfield Redevelopment Authority (1)	Juvenile Drug Court	Manistee County Library	Blacker Airport Authority	Total 2007
ASSETS											
Cash	\$22,420	\$37,949	\$0	\$0	\$0	\$0	\$3,272	(\$6,702)	\$530,871	\$85,984	\$3,177,560
Accounts Receivable		0	0	0	0	0	6,250	8,886	119,578	1,601	320,544
Due from other Funds	0	0	0	0	0	0	0	0		0	0
Other Assets	0	0	0	0	0	0	0	0		0	197,956
Total Assets	22,420	37,949	0	0	0	0	9,522	2,184	650,549	87,585	3,696,060
LIABILITIES & FUND BALANCE											
Liabilities											
Accounts Payable	705	750	0	0	0	0	6,250	300	30,232	2,968	52,803
Due to State of Michigan	0	0	0	0	0	0	0	0			53,000
Deferred Revenue	0	0	0	0	0	0	0	0		0	0
Accrued Liabilities	1,636							1,884	190,530		215,089
Compensated Absences	0	0	0	0	0	0	0	0		0	0
Due to Other Funds	0	0	0	0	0	0	0	0		0	0
Long Term Debt	0	0	0	0	0	0	0	0		0	0
Total Liabilities	2,341	750	0	0	0	0	6,250	2,184	220,762	2,968	320,872
Fund Balance											
Reserved for Capital Improvements	0	0	0	0	0	0	0			0	0
Other Reserved	0	0	0	0	0	0	0		76,979	0	76,979
Unreserved	20,079	37,199	0	0	0	0	3,272	0	352,808	84,617	3,208,209
Total Fund Balance	20,079	37,199	0	0	0	0	3,272	0	429,787	84,617	3,375,188
Total Liabilities and Fund Balance	\$22,420	\$37,949	\$0	\$0	\$0	\$0	\$9,522	\$2,184	\$650,549	\$87,585	\$3,696,060

The footnotes are an integral part of these financial statements.

MANISTEE COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Friend of the Court	Law Library	Remonument	Family Counseling Service	Budget Stabilization	WMD Homeland Security	Technology Fund	Economic Development Revolving	Economic Development Housing	Law Enforcement Training	Dept of Human Services	LEPC Emergency Services
REVENUES												
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licenses & Permits	0	0	0	0	0	0	0	0	0	0	0	0
Federal	0	0	0	0	0	0	0	0	161,211	0	0	0
State	0	0	79,099	0	0	0	0	0	0	0	0	0
Local	0	0	0	0	0	0	0	0	0	0	0	0
Fines & Forfeits	0	7,000	0	0	0	0	0	0	0	0	0	0
Interest & Rental	0	0	0	0	0	0	0	0	0	0	0	0
Other	7,273	0	0	2,255	0	0	28,242	0	20,585	33,534	158,528	0
Total Revenues	7,273	7,000	79,099	2,255	0	0	28,242	0	181,796	33,534	158,528	0
EXPENDITURES												
Current												
Judicial	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0	0
Health & Welfare	0	0	0	0	0	0	0	0	0	0	193,663	0
Other	0	40,654	82,099	0	0	33,643	94,130	0	140,915	53,020	0	134
Debt Payments:					0							
Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	0	40,654	82,099	0	0	33,643	94,130	0	140,915	53,020	193,663	134
Excess (Deficiency) of Revenue Over Expenditures	7,273	(33,654)	(3,000)	2,255	0	(33,643)	(65,888)	0	40,881	(19,486)	(35,135)	(134)
OTHER FINANCING SOURCES (USES)												
Operating Transfers In	0	33,654	3,000	0	164,468	0	198,600	0	0	19,486	0	0
Operating Transfers Out	0	0	0	0	0	0	0	0	0	0	0	0
Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	33,654	3,000	0	164,468	0	198,600	0	0	19,486	0	0
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	7,273	0	0	2,255	164,468	(33,643)	132,712	0	40,881	0	(35,135)	(134)
Fund Balance, October 1, 2006	19,471	0	0	14,919	558,117	33,677	118,971	0	10,969	0	35,358	1,517
Prior Period Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Fund Balance, September 30, 2007	\$26,744	\$0	\$0	\$17,174	\$722,585	\$34	\$249,683	\$0	\$51,850	\$0	\$223	\$1,383

The footnotes are an integral part of these financial statements.

MANISTEE COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Animal Shelter	Juvenile Justice	County Forestry	Air Photo	Drug Testing	Juvenile Intervent Strategy	Soldiers & Sailors Relief	Public Improvement	Forfeited Assets Sheriff Dept	Capital Improvement	Child Care Fund	Veterans Trust
REVENUES												
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licenses & Permits	0	0	0	0	0	0	0	0	0	0	0	0
Federal	0	0	0	0	0	0	0	0	0	0	0	0
State	0	15,000	0	0	0	18,387	0	0	0	0	105,690	0
Local	0	0	0	0	0	4,621	0	0	0	0	0	0
Fines & Forfeits	0	0	0	0	0	0	0	0	0	0	0	0
Interest & Rental	0	0	0	0	493	0	0	0	88	0	0	0
Other			5,417	6,095	10,545	17	0	71,198	2,500	158,188	68,151	5,208
Total Revenues	0	15,000	5,417	6,095	11,038	23,025	0	71,198	2,588	158,188	193,841	5,208
EXPENDITURES												
Current												
Judicial	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0	0
Health & Welfare	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	15,000	15,283	0	14,024	20,889		156,752	2,500	84,423	300,065	2,208
Debt Payments:	0											
Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	0	15,000	15,283	0	14,024	20,889	0	156,752	2,500	84,423	300,065	2,208
Excess (Deficiency) of Revenue Over Expenditures	0	0	(9,866)	6,095	(2,986)	2,136	0	(85,554)	87	73,765	(106,224)	3,000
OTHER FINANCING SOURCES (USES)												
Operating Transfers In	0	0	10,000	50,000	2,986	0		0		0	211,237	0
Operating Transfers Out	0	0	0	0	0	0	0	0	0	0	0	0
Sale of Assets	0	0		0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	10,000	50,000	2,986	0	0	0	0	0	211,237	0
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	0	0	134	56,095	0	2,136	0	(85,554)	87	73,765	105,013	3,000
Fund Balance, October 1, 2006	411	0	4,406	30,221	0	19,948	23,385	94,995	3,128	98,925	155,258	1,021
Prior Period Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Fund Balance, September 30, 2007	\$411	\$0	\$4,540	\$86,316	\$0	\$22,084	\$23,385	\$9,441	\$3,215	\$172,690	\$260,271	\$4,021

The footnotes are an integral part of these financial statements.

MANISTEE COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Dive Equipment Fund	County Employee Training	Sheriff's K-9 Unit	911/Central Dispatch	Department Contingency	Juvenile Accountable Fund	Drunk Driving Caseload Assist	Judicial Technology	Mounted Search & Rescue	Community Corrections	Elections	Law Enforcement Technology
REVENUES												
Property Taxes	\$0	\$0	\$0	\$770,053	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licenses & Permits	0	0	0	0	0	0	0	0	0	0	0	0
Federal	0	0	0	0	0	0	0	0	0	0	0	0
State	0	0	0	0	0	0	11,959	0	0	63,010	0	0
Local	0	0	0	0	0	0	0	0	0	4,405	15,246	0
Fines & Forfeits	0	0	0	0	0	0	0	0	0	0	0	0
Interest & Rental	0	0	0	22,572	0	0	0	0	6	5,757	0	0
Other	1,115	1,950	0	84,467	0	0	0	0	17,113	0	0	2,945
Total Revenues	1,115	1,950	0	877,092	0	0	11,959	0	17,119	73,172	15,246	2,945
EXPENDITURES												
Current												
Judicial	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0	0
Health & Welfare	0	0	0	0	0	0	0	0	0	0	0	0
Other	1,335	10,821	894	814,442	0	1,235	0	0	11,057	69,110	26,254	6,754
Debt Payments:												
Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	1,335	10,821	894	814,442	0	1,235	0	0	11,057	69,110	26,254	6,754
Excess (Deficiency) of Revenue Over Expenditures	(220)	(8,871)	(894)	62,650	0	(1,235)	11,959	0	6,062	4,062	(11,008)	(3,809)
OTHER FINANCING SOURCES (USES)												
Operating Transfers In	0	12,500	0	0	0	0	0	0	0	0	25,000	0
Operating Transfers Out	0	0	0	0	0	0	(12,000)	0	0	0	0	(16,461)
Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	12,500	0	0	0	0	(12,000)	0	0	0	25,000	(16,461)
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(220)	3,629	(894)	62,650	0	(1,235)	(41)	0	6,062	4,062	13,992	(20,270)
Fund Balance, October 1, 2006	221	24,833	1,484	751,491	159,648	1,235	12,673	2,174	249	31,921	70,236	20,284
Prior Period Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Fund Balance, September 30, 2007	\$1	\$28,462	\$590	\$814,141	\$159,648	\$0	\$12,632	\$2,174	\$6,311	\$35,983	\$84,228	\$14

The footnotes are an integral part of these financial statements.

MANISTEE COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	District Court Services Fund	Automation Register Deed Fund	MSHDA Maxwelltown Grant	F.I.A. Benzie Co. Fund	Juvenile Outreach Fund	Non-Secure Detention Fund	Brownfield Redevelopment Authority	Juvenile Drug Court	Manistee County Library	Blacker Airport Authority	Total 2007
REVENUES											
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$995,949		\$1,766,002
Licenses & Permits	0	0	0	0	0	0	0	0			0
Federal	0	0	0	0	0	0	0	0		0	161,211
State	0	0	0	0	0	0	15,383	53,431	22,075		384,034
Local	0	0	0	866	0	0	0	994			26,132
Fines & Forfeits	0	0	0	0	0	0	0	0	289,462		296,462
Interest & Rental	0	0	0	0	0	0	0	0	27,787		56,703
Other	75,890	37,581	0	10,000	0	0	2,500	0	78,007	261,829	1,171,133
Total Revenues	75,890	37,581	0	10,866	0	0	17,883	54,425	1,413,280	261,829	3,861,677
EXPENDITURES											
Current			0								
Judicial	0	0	0	0	0	0	0	0		0	0
Public Safety	0	0	0	0	0	0	0	0		0	0
Health & Welfare	0	0	0	0	0	0	0	0		0	193,663
Other	100,274	147,582	0	34,326	0	57	15,173	66,266	1,157,175	304,507	3,823,001
Debt Payments:											0
Principal	0	0	0	0	0	0	0	0		0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0		0	0
Total Expenditures	100,274	147,582	0	34,326	0	57	15,173	66,266	1,157,175	304,507	4,016,664
Excess (Deficiency) of Revenue Over Expenditures	(24,384)	(110,001)	0	(23,460)	0	(57)	2,710	(11,841)	256,105	(42,678)	(154,987)
OTHER FINANCING SOURCES (USES)											
Operating Transfers In		0	0	0	0	0	0	7,695		70,000	808,626
Operating Transfers Out	0	0	0	0	0	0	0	0	0		(28,461)
Sale of Assets	0	0	0	0	0	0	0	0		0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	7,695	0	70,000	780,165
Excess (Deficiency) of Revenues & Other Sources over Expenditures and Other Uses	(24,384)	(110,001)	0	(23,460)	0	(57)	2,710	(4,146)	256,105	27,322	625,177
Fund Balance, October 1, 2006	44,463	147,200	0	23,460	0	57	562	4,146	173,682	57,295	2,750,011
Prior Period Adjustments	0	0	0	0	0	0	0	0	0	0	0
Fund Balance, September 30, 2007	\$20,079	\$37,199	\$0	\$0	\$0	\$0	\$3,272	\$0	\$429,787	\$84,617	\$3,375,188

The footnotes are an integral part of these financial statements.

ENTERPRISE FUND

MANISTEE COUNTY, MICHIGAN
COMBINING BALANCE SHEET
PROPRIETARY FUNDS
SEPTEMBER 30, 2007

	Medical Care Facility	Total
ASSETS		
Cash	\$97,915	\$97,915
Accounts Receivable	1,202,249	1,202,249
Assets Limited as to Use	2,431,531	2,431,531
Property and Equipment	2,523,773	2,523,773
Prepaid Insurance	0	0
Inventories	37,498	37,498
Other Assets	329,541	329,541
Total Assets	<u>6,622,507</u>	<u>6,622,507</u>
LIABILITIES & FUND EQUITY		
Accounts Payable	226,723	226,723
Compensated Absences	736,805	736,805
Salaries and Related Liabilities	274,060	274,060
Maintenance of Effort	0	0
Due to Other Local Units	0	0
Other Current Liabilities	7,539	7,539
Third-party settlements	195,137	195,137
Deferred Revenue	0	0
Total Liabilities	1,440,264	1,440,264
Fund Equity		
Retained Earnings	5,182,243	5,182,243
Total Liabilities & Fund Equity	<u>\$6,622,507</u>	<u>\$6,622,507</u>

MANISTEE COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENSES & CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND
SEPTEMBER 30, 2007

	Medical Care Facility	Total
OPERATING REVENUES		
Charges for Services	\$8,711,491	\$8,711,491
Quality Assurance assessment revenue	885,677	885,677
Other Revenue	384,594	384,594
Total Operating Revenue	9,981,762	9,981,762
OPERATING EXPENSES		
Employee Salaries	5,112,998	5,112,998
Other	4,666,421	4,666,421
Total Operating Expenses	9,779,419	9,779,419
OPERATING INCOME (LOSS)	202,343	202,343
NON-OPERATING REVENUES(EXPENSE)		
Other Income	42,802	42,802
Prior Year Third-party Settlement Adjustments	0	0
TOTAL NON-OPERATING REVENUE (EXPENSE)	42,802	42,802
OTHER FINANCING SOURCES (USES)		
Operating Transfers In	278,029	278,029
Operating Transfers Out	0	0
Total Other Financing Sources (Uses)	278,029	278,029
NET INCOME (LOSS)	523,174	523,174
RETAINED EARNINGS, BEGINNING	4,659,069	4,659,069
RETAINED EARNINGS, ENDING	\$5,182,243	\$5,182,243

MANISTEE COUNTY, MICHIGAN
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Medical Care Facility	Total
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from residents and third party payors	\$9,258,937	\$9,258,937
Cash paid to employee and suppliers	(9,388,488)	(9,388,488)
Proportionate share receipts	0	0
Other operating receipts	384,594	384,594
Net cash provided by operating activities	255,043	255,043
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES		
Resident trust (withdrawals) deposits	(781)	(781)
Transfer from county	201,291	201,291
Net cash provided by noncapital financing activities	200,510	200,510
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) sale of assets limited as to use	(813,052)	(813,052)
Interest received	42,802	42,802
Net cash (used in) provided by investing activities	(770,250)	(770,250)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of Property and Equipment	(243,685)	(243,685)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(558,382)	(558,382)
Cash & Cash Equivalents, Beginning of year	656,297	656,297
Cash & Cash Equivalents, End of Year	\$97,915	\$97,915

DEBT SERVICE FUNDS

MANISTEE COUNTY, MICHIGAN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
 FUND BALANCE
 COMBINED DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Building Authority Debt	Jail Building Bond	Fair Board Debt	Combined Debt Service Funds
REVENUES				
Revenue Tax	\$0	\$82,954		\$82,954
Interest	0	0		0
Other Revenue	0	2,162		2,162
	0	85,116		85,116
EXPENDITURES				
Principle	85,000	72,400	38,429	195,829
Interest	83,994	2,129		86,124
Other	8,082	0		8,082
Total Expenditures	177,076	74,529	38,429	290,035
Excess (Deficiency) of Revenue Over Expenditures	(177,076)	10,587	(38,429)	(204,919)
Other Financing Sources (Uses)				
Proceeds from financing	0	0		0
Operating Transfers In	177,076	0		177,076
Operating Transfers Out	0	0		0
Total Other Financing Sources (Uses)	177,076	0		177,076
Excess (Deficiency) of Revenue Over Expenditures and Other Sources Over Expenditures and Other Uses	(0)	10,587	(38,429)	(27,843)
Fund Balance, October 1	4,130	46,748	76,857	127,735
Fund Balance, September 30	\$4,130	\$57,335	\$38,428	\$99,893

The footnotes are an integral part of these Financial Statements.

MANISTEE COUNTY, MICHIGAN
BALANCE SHEET
COMBINED DEBT SERVICE FUND
SEPTEMBER 30, 2007

	Building Authority Debt	Jail Building Bond	Fair Board Debt	Combined Debt Service Funds
ASSETS				
Cash	\$4,130	\$8,083		\$12,213
Taxes Receivable	0	49,252	38,428	87,680
TOTAL ASSETS	<u>4,130</u>	<u>57,335</u>	<u>38,428</u>	<u>99,893</u>
LIABILITIES AND FUND BALANCE				
Notes Payable		0	0	0
Deferred Revenue	0	0		0
Fund Balance	<u>4,130</u>	<u>57,335</u>	<u>38,428</u>	<u>99,893</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$4,130</u>	<u>\$57,335</u>	<u>\$38,428</u>	<u>\$99,893</u>

The footnotes are an integral part of these Financial Statements.

FEDERAL FINANCIAL ASSISTANCE

MANISTEE COUNTY, MICHIGAN
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

FEDERAL GRANTOR Pass Through Grantor Program Title	Grant	CFDA No	Accounts Receivable	Current Revenue	Current Expenditures	Deferred Revenue	Accounts Receivable
DEPARTMENT OF HEALTH & HUMAN SERVICES							
Michigan Family Independence Agency							
Friend of the Court Co-operative	06	93.563	\$65,498	\$65,498	\$0	\$0	\$0
	07		0	337,745	404,772	0	67,027
Total			65,498	403,243	404,772	0	67,027
Prosecuting Attorney Co-operative	06	93.563	3,752	3,752	0	0	0
	07		0	24,630	29,679	0	5,049
Total			3,752	28,382	29,679	0	5,049
Title IV-D Incentive Program	06	93.048	5,464	5,464	0	0	0
	07		0	42,811	42,811	0	0
Total			5,464	48,275	42,811	0	0
Total Family Independence Agency			74,714	479,900	477,262	0	72,076
FEDERAL EMERGENCY MANAGEMENT							
Michigan Dept of State Police							
Emergency Services Program	06	83.530	10,259	10,259	0	0	0
	07		0	0	22,358	0	22,358
Total Federal Emergency Management			10,259	10,259	22,358	0	22,358
DEPARTMENT OF TRANSPORTATION							
Michigan State Police							
Secondary Road Patrol	06	20.600	20,845	20,845	0	0	0
	07		0	61,962	78,522	0	16,560
Total Department of Transportation			20,845	82,807	78,522	0	16,560
DEPARTMENT OF JUSTICE							
Michigan State Police							
Terrorism Prevention	06	16.010		27,143	27,143	0	0
SSCENT	07	16.580	0	27,263	27,263	0	0
Michigan Dept of Human Services							
Juvenile Accountability Grant	06	16.523	825	825	0	0	0
	07		0	17,602	18,387	0	785
			825	18,427	18,387	0	785
Total Department of Justice			825	72,833	72,793	0	785

The footnotes are an integral part of these Financial Statements

MANISTEE COUNTY, MICHIGAN
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

			CFDA No	Accounts Receivable	Current Revenue	Current Expenditures	Deferred Revenue	Accounts Receivable
FEDERAL GRANTOR								
Pass Through Grantor								
Program Title								
FEDERAL TRANSPORTATION SECURITY								
Airport Security			05-06 20.106	3,188	3,188	0	0	0
			06-07	0	17,976	27,879	0	9,903
Total				3,188	21,164	27,879	0	9,903
DEPARTMENT OF HOUSING AND URBAN DEVELOPEMENT								
Michigan State Housing Development Authority								
Community Development Block Grant			06/07 14.228	0	97,219	161,211	0	63,992
MSC-2005-0563-HOA					0	0	0	0
				0	97,219	161,211	0	63,992
Home			06 14.239	0	0	0	0	0
			07	0	0	0	0	0
Total				0	0	0	0	0
Total Department of Housing and Urban Dev				0	97,219	161,211	0	63,992
DEPARTMENT OF ENVIRONMENTAL PROTECTION								
Brownfield Site Assessment			07 66.818	0	9,133	15,383	0	6,250
Total Department of Environmental Protection				0	9,133	15,383	0	6,250
DEPARTMENT OF AGRICULTURE								
Commercial Forest			06 10.670	0	427	427	0	0
US Forest Service Patrol Assistance			07	0	3,234	4,488	0	1,254
Total Department of Agriculture				0	3,661	4,915	0	1,254
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$109,831	\$776,976	\$860,323	\$0	\$193,178

The footnotes are an integral part of these Financial Statements

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issues:	Unqualified
Internal Control over financial reporting:	
Material weakness identified?	No
Reportable conditions identified that are not considered to be material	No
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Reportable conditions identified that are not considered to be material	No
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of circular A-133	No

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.563	Friend of the Court Cooperative
	Prosecuting Attorney Cooperative
	Title IV-D Incentive Program
14.228	Community Development Block Grant

Dollar threshold used to distinguish Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

No matters were reported